

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-55162; File No. SR-Amex-2006-106)

January 24, 2007

Self-Regulatory Organizations; American Stock Exchange LLC; Order Granting Approval to Proposed Rule Change as Modified by Amendment No. 1 Thereto, Relating to the Adoption of a Penny Pilot Program

I. Introduction

On November 9, 2006, the American Stock Exchange LLC (“Amex” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to permit certain option classes to be quoted in pennies on a pilot basis and to adopt a quote mitigation strategy. The proposed rule change was published for comment in the Federal Register on November 20, 2006.<sup>3</sup> The Commission received four comment letters on the proposed rule change.<sup>4</sup> On January 18, 2007, the Exchange filed Amendment No. 1 to the

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 54741 (November 9, 2006), 71 FR 67176.

<sup>4</sup> See letters to Nancy M. Morris, Secretary, Commission, from Wayne Jervis, Managing Member of the General Partner, Jervis Alternative Asset Management Co. (“JAAMCO”), dated December 1, 2006 (“JAAMCO Letter”); from Christopher Nagy, Chair, Securities Industry and Financial Markets Association (“SIFMA”) Options Committee, dated December 20, 2006 (“SIFMA Letter”); from Peter J. Bottini, Executive Vice-President, optionsXpress, Inc. (“optionsXpress”), dated November 17, 2006 (“optionsXpress Letter”); and from Patrick Sexton, Associate General Counsel, Chicago Board Options Exchange, Inc. (“CBOE”), dated December 12, 2006 (“CBOE Letter”).

















